
AMENDMENTS TO CLAUSE 8 OF THE ARTICLES OF ASSOCIATION REGARDING THE REMUNERATION AND INCENTIVE POLICIES AND PRACTICES

DELEGATION TO INCREASE THE SHARE CAPITAL TO SERVICE THE 2014 GROUP INCENTIVE SYSTEM

Shareholders' Meeting

Rome, May 13th 2014



- **AMENDMENTS TO CLAUSE 8 OF THE ARTICLES OF ASSOCIATION**

- DELEGATION TO INCREASE THE SHARE CAPITAL TO SERVICE THE 2014 GROUP INCENTIVE SYSTEM

AMENDMENTS TO CLAUSE 8 OF THE ARTICLES OF ASSOCIATION FRAMEWORK

REGULATORY FRAMEWORK

- In December 2013, Bank of Italy submitted to public consultation some changes to its provisions of 30 March 2011 with the aim of incorporating the changes introduced by the new guidelines contained in the **Directive 2013/36/EU** (known as **CRD IV**).
- As provided by the Directive, within the consultation document, it is assigned, *inter alia*, the faculty of the ordinary AGM to define a ratio between the variable component of individual remuneration and fixed remuneration higher than the one provided by CRD IV (but still within the limit of 2:1) **only if provided by the Articles of Association**
- The extraordinary AGM is, therefore, asked to approve relevant amendment to clause 8 of UniCredit Articles of Association



- AMENDMENTS TO CLAUSE 8 OF THE ARTICLES OF ASSOCIATION

- **DELEGATION TO INCREASE THE SHARE CAPITAL TO SERVICE THE 2014 GROUP INCENTIVE SYSTEM**

DELEGATION TO INCREASE THE SHARE CAPITAL TO SERVICE THE 2014 GROUP INCENTIVE SYSTEM (1/2)

FRAMEWORK

- In line with **national and international regulatory requirements** (Bank of Italy, CRD IV - Capital Requirements Directive, EBA - European Banking Authority), the **2014 Group Incentive System** has been defined in order to motivate and retain key resources and to align management goals to shareholders' ones, rewarding long term value creation
- On 21st January, 2014 the Board of Directors, considering the positive opinion of the Remuneration Committee, decided to submit to Shareholders' Meeting the 2014 Group Incentive System, which has been already submitted for approval to this AGM in ordinary session
- The 2014 Group Incentive System provides for incentive payout in a multi-year (2015-2020) through a balanced upfront and deferred payment structure, both in cash and in UniCredit ordinary shares, subject to continuous employment at each date of payment
- As part of the incentives provided by the 2014 Group Incentive System are represented by UniCredit shares, the Shareholders' Meeting in extraordinary session is asked to delegate the power of attorney to the Board of Directors in order to proceed with the free capital increase needed for issuing such shares

DELEGATION TO INCREASE THE SHARE CAPITAL TO SERVICE THE 2014 GROUP INCENTIVE SYSTEM (2/2)

- Taking into consideration the number of beneficiaries and the overall number of shares to be assigned, the free capital increase for 2014 System will be carried out within five years from the AGM decision, for a **maximum amount of Euro 98.294.742,05** corresponding to up to maximum number of **28.964.197 UniCredit ordinary shares**, to be granted to employees of UniCredit S.p.A. and of Group banks and companies
- Such increase will be carried out using the **special reserve** known as "Provisions Linked to the Medium Term Incentive System for Group Employees" set up for this purpose
- The maximum impact of newly issued shares would represent 0,66% of existing share capital, in the hypothesis that all free shares are granted, considering the maximum number of shares equal to 38,464,197 which include also the 9,500,000 shares for the allocation of the last installments in shares in 2020

RESOLUTIONS

POINTS 2 AND 3 OF THE EXTRAORDINARY AGM AGENDA

Shareholders are asked to resolve following resolutions:

- *to approve the amendments of the paragraph 2 of the clause 8 of the Articles of Association according to the following text:*

“2. In particular, the Meeting of Shareholders, besides establishing the remuneration of members of the bodies it has appointed, approves: (i) the remuneration policies for supervisory, management and control bodies as well as for employees; (ii) equity-based compensation schemes. An adequate information shall be provide to the Shareholders about the enforcement of the remuneration policies.

Furthermore, the Ordinary Shareholders’ Meeting can exercise, on the occasion of the remuneration policies’ approval, the faculty to determine a ratio of variable to fixed remuneration of employees higher than 1:1, but in any case not exceeding the ratio of 2:1 or the lower ratio fixed by law or regulation from time to time in force.”
- *to grant the Board of Directors, under the provisions of section 2443 of the Italian Civil Code – with the assumption that today's Ordinary Shareholders' Meeting has approved the adoption of the 2014 Group Incentive System, the authority to resolve - on one or more occasions for a maximum period of five years from the date of shareholders’ resolution - to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of €98,294,742.05 corresponding to up to 28,964,197 ordinary shares, to be granted to employees of UniCredit S.p.A. and of Group banks and companies, who hold positions of particular importance for the purposes of achieving the Group's overall objectives in execution of the 2014 System for UniCredit Group employees approved by today’s Ordinary Meeting. Such an increase in capital shall be carried out using the special reserve known as "Provisions Linked to the Medium Term Incentive System for Group Employees" .*

RESOLUTIONS

POINTS 2 AND 3 OF THE EXTRAORDINARY AGM AGENDA

- *to delegate to the Board of Directors all the necessary powers for issuing the new shares;*
- *give to the Chairman and/or to the Chief Executive Officer, also separately, every opportune powers of attorney to:*
 - (i) provide for implementing the above resolutions under terms of law;*
 - (ii) accept or adopt all amendments and additions (not changing substantially the content of the resolutions) which should be necessary for registration at the Register of Companies or for the implementation of the laws and regulations;*
 - (iii) proceed with the deposit and registration, under terms of law, with explicit and advanced approval and ratification*
 - (iv) make the necessary adjustments of a formal nature to the new paragraph 2 of clause 8 of the Articles of Association approved in accordance with paragraph 1 above, in case the statutory provision are not aligned with the new "Regulations on remuneration and incentive policies and practices of banks and banking groups" issued by the regulator, make the consequent amendments to clause 5 of the Articles of Association relating to the new amount of share capital in the phase of 2014 System implementation, as well as to count the new paragraph of clause 6 of the Articles of Association passed in above point ".*